

Congress of the United States
Washington, DC 20515

March 16th, 2006

The Honorable Joe Knollenberg
Chairman
Subcommittee on Transportation, Treasury
and HUD, the Judiciary, District of Columbia
Appropriations Committee
U.S. House of Representatives
Washington, DC 20515

The Honorable John Oliver
Ranking Member
Subcommittee on Transportation, Treasury
and HUD, the Judiciary, District of Columbia
Appropriations Committee
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Knollenberg and Ranking Member Oliver:

We are writing to request your support for \$4.3 billion in formula funding for the Community Development Block Grant (CDBG) program in the Fiscal Year (FY) 2007 Transportation, Treasury, and HUD Appropriations bill. This important program provides our communities with the vital tools to help spur homeownership, housing rehabilitation, public improvements, public services, and economic development projects. These activities not only help individual communities, but also strengthen our nation's economy as a whole.

CDBG is one of the most effective federal domestic programs in helping to revitalize neighborhoods. Every dollar of the CDBG program invested in communities is leveraged by three dollars in private funding, bringing much-needed investment, jobs, and the chance for a fresh start to blighted communities. It is a critical funding source to more than 1,100 entitlement communities, urban counties, and states, which in turn serve more than 3,000 rural communities. In FY 2005, over 95 percent of CDBG funding went to activities principally benefiting low- and moderate-income persons. The program's housing projects provided 166,992 households with assistance including financial assistance to new homeowners and rehabilitation assistance to the elderly and existing homeowners. CDBG's economic development programs created or retained 91,287 full-time jobs and public improvement projects benefited 9,453,993 persons. CDBG also has a strong record in business retention: over 80 percent of the businesses assisted through the program were still in operation after three years.

Because of its flexibility and use in a variety of projects, local and state governments and development officials have come to rely on the program as the cornerstone of any new community revitalization effort. Just a few months ago, the Administration and Congress recognized the effectiveness of the program by delivering \$11.5 billion in targeted CDBG funding to the Gulf Coast for reconstruction activities after the 2004 hurricane season.

The CDBG formula allocation was funded at \$4.41 billion in FY 2001. Since then the formula allocation funding has decreased by \$670 million – or 15.19% – with a 5% reduction in FY 2005 and a 10% reduction in FY 2006. In light of these reductions in funding, communities have had to struggle to continue their programs and have discontinued crucial projects for low- and moderate-income persons. These reductions directly affect the local economy, as they translate into reduced private investment that is fueled by CDBG funding.

While we recognize that the Subcommittee will face difficult decisions when allocating resources, we believe, at a minimum, \$4.3 billion in CDBG formula funding is necessary to ensure that communities across the country can provide good jobs, safe neighborhoods, affordable housing, and public services to meet the needs of all Americans. Thank you for consideration of this request.

Sincerely,

~~MS~~ Summons

Randy Kuhl

~~Tom~~ Tom

Al

Bob Allen

Shelley Moore Capito

Jim Math

Chang

Bill Shuster

John B. Rasmussen

Bill Pascrell Jr

Lois Caputo

Danny K. Davis

Michael E. Caputo

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Earl Blumenauer
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James Langewiesche

Chip Pickering

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Jane Camp

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94. Weldon, Curt
95. Wynn, Albert